

98% General Fund Expenditure Limitation House File 2039

Last Action:
**House Appropriations
Committee**
January 14, 2004

Executive Summary Only

An Act relating to the State General Fund expenditure limitation by revising the percentage amount used for the limitation and including effective date and applicability provisions.



**LEGISLATIVE SERVICES AGENCY
NOTES ON BILLS AND AMENDMENTS (NOBA)**

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**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**HOUSE FILE 2039
98% GENERAL FUND EXPENDITURE LIMITATION**

**EXPENDITURE LIMITATION
REDUCTION**

- House File 2039 reduces the expenditure limitation rate from 99.0% to 98.0%. The expenditure limitation reduces the amount that the General Assembly and the Governor can appropriate from the General Fund for the succeeding fiscal year.
- Expenditure limitation is calculated by multiplying the expenditure limitation rate by the adjusted revenue estimate that is established by the Revenue Estimating Conference (REC). For example, the current adjusted revenue estimate for FY 2005 is \$4.550 billion. Under current law, the Governor and the General Assembly are allowed to appropriate \$4.505 billion (99.0%) for FY 2005, leaving \$45.5 million (1.0%) as an ending balance.
- This Bill is effective on December 15, 2004. This would require the Governor and the General Assembly to use the 98.0% expenditure limitation for developing the State's FY 2006 budget.
- By reducing the expenditure limitation percentage from 99.0% to 98.0% the maximum FY 2006 expenditure level would be approximately \$46.0 million lower than allowed under current law.

EFFECTIVE DATE

FISCAL IMPACT